

**WATER QUALITY, SUPPLY AND SAFE DRINKING
WATER PROJECTS. COASTAL WETLANDS PURCHASE
AND PROTECTION. BONDS. INITIATIVE STATUTE.**

Prepared by the Attorney General

OFFICIAL TITLE AND SUMMARY

WATER QUALITY, SUPPLY AND SAFE DRINKING WATER PROJECTS. COASTAL WETLANDS PURCHASE AND PROTECTION. BONDS. INITIATIVE STATUTE.

- Authorizes \$3,440,000,000 general obligation bonds to fund a variety of water projects, including:
 - Specified CALFED Bay-Delta Program projects including urban and agricultural water use efficiency projects;
 - Grants and loans to reduce Colorado River water use;
 - Purchasing, protecting and restoring coastal wetlands near urban areas;
 - Competitive grants for water management and quality improvement projects;
 - Development of river parkways;
 - Improved security for state, local and regional water systems;
 - Grants for desalination and drinking water disinfection.
- Appropriates money from state General Fund to pay off bonds.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT:

- State cost of up to \$6.9 billion over 30 years to pay off both the principal (\$3.44 billion) and interest (\$3.46 billion) costs on the bonds. Payments of about \$230 million per year.
- Reduction in local property tax revenues, ranging from a few million dollars to roughly \$10 million annually, about one-half of which would be offset by state payments to schools to make up their revenue loss.
- Unknown costs to state and local governments to operate or maintain properties or projects purchased or developed with these bond funds.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Coastal Protection and Water Resources Programs. The state administers a number of programs to acquire and protect coastal wetlands and watersheds, conserve and protect water resources, and develop and improve the reliability of water supplies. The state also provides grants and loans to local agencies and nonprofit organizations for similar purposes. These programs are for a variety of specific purposes, including:

- **Coastal Wetlands and Watersheds.** The state has provided funds to acquire and restore coastal wetlands and watersheds.
- **Safe Drinking Water.** The state has provided funds for loans and grants to public water systems for facility improvements to meet safe drinking water standards.

- **Bay-Delta Restoration.** The state has also funded the restoration and improvement of fish and wildlife habitat in the San Francisco Bay/Sacramento-San Joaquin Delta Estuary (the Bay-Delta). Additionally, the state has funded water quality and supply projects in the Bay-Delta region which supplies a substantial portion of the water used in the state for domestic, industrial, agricultural, and environmental purposes. These funds have been provided through the CALFED Bay-Delta Program which is a joint state and federal effort to better manage water resources in this region.
- **Other Water Quality and Water Supply Projects.** The state has also provided funds for various other projects throughout the state that improve water quality and/or supply. For example, the state has provided loans and